

The President's Daily Brief

15 October 1973

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THE PRESIDENT DAILY'S BRIEF

15 October 1973

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PRINCIPAL DEVELOPMENTS

Egyptian forces made some gains in intense fighting in the Sinai yesterday. In Syria, the Israelis continued to meet determined resistance. (Page 3)

The resignation of the Thanom government has not yet ended the unrest in Bangkok. Some 3,000 well-armed protesters are still battling police. (Page 5)

In Cambodia, In Tam now says he will stay on as Prime Minister and as a member of the ruling High Political Council. (Page 7)

The Middle East war caused only minor fluctuations on international currency markets last week. The dollar lost some ground against most major currencies, but by week's end it had recouped part of its losses. (Page 8)

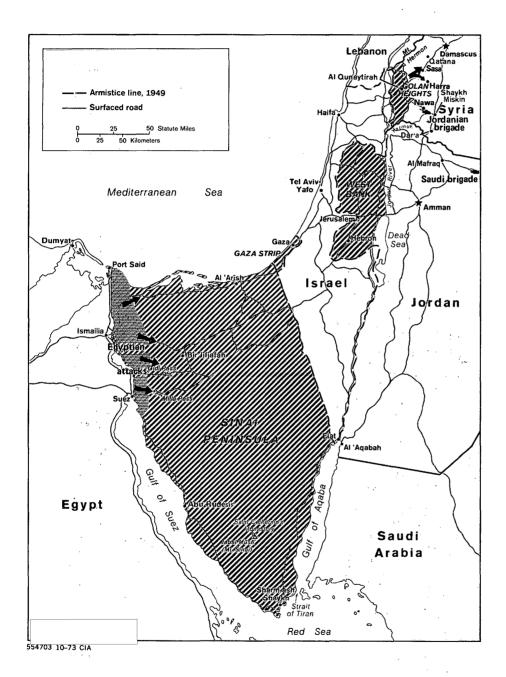
USSR - MIDDLE EAST - US

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Soviet media have begun to take a somewhat harsher tone toward the US. Moscow has picked up foreign press allegations that Vietnam veterans are en route to join Israeli air forces, and Arab charges that US citizens piloted bombing raids on Damascus. The Soviets have also cited US denials, however, and Pravda's coverage of Secretary Kissinger's press conference included his statement that the US desires an early end to hostilities. The US Embassy in Moscow reports that, in general, the USSR is still exercising considerable editorial restraint.	
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ARAB STATES - ISRAEL

Egyptian forces launched a general attack along the entire canal front at dawn yesterday. Fighting was particularly heavy in the Mitla Pass area, and the Bir Jifjafah air command center was knocked out of service for three hours by Egyptian air attacks. When the fighting died down last night, there were conflicting reports concerning what the Egyptians had achieved. the three main prongs of the offensive were extended an average of six miles, with a maximum penetration into the Sinai of nearly 19 miles; Tel Aviv claims to have held the Egyptians to maximum gains of six miles.

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The Israeli Air Force shifted the bulk of its operations from the Syrian front to the <u>Sinai yesterday</u> to counter the Egyptian attack.

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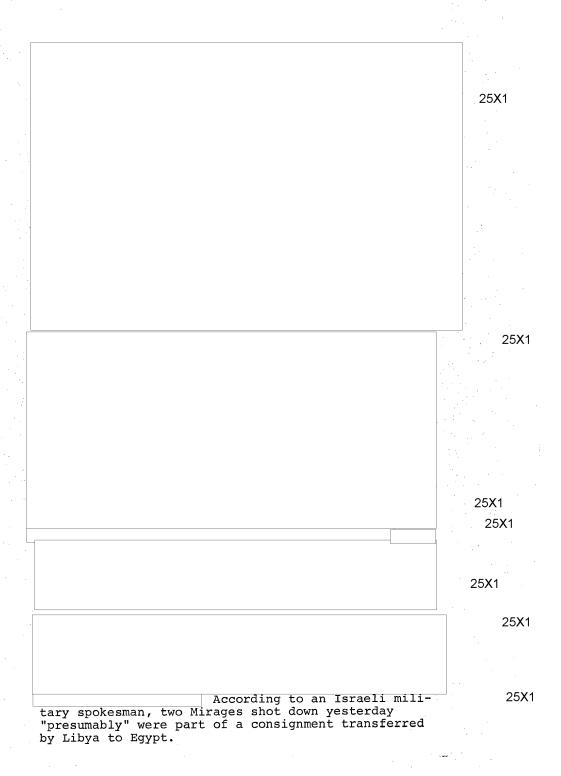
addition, Israeli aircraft reportedly attacked Egyptian surface-to-air missile batteries on both sides of the canal. This suggests that the Egyptians have moved mobile SA-6 launchers to the east bank, probably to provide cover to their troops advancing into the Sinai. According to press reports, the Israelis are also moving additional troops to the Sinai.

On the Syrian front, Israeli forces now control Sasa, 22 miles from Damascus, and small units have driven to within 16 miles of the capital. Israeli attempts yesterday to push toward Damascus and to envelop substantial Syrian and Iraqi units on their southern flank, however, were met by determined small-unit counterattacks. Jordan announced on October 13 that its troops were fighting on the Syrian front, but early this morning there still was no independent evidence that they have entered hostilities. Air activity over the Golan Heights virtually ceased late yesterday as the Israelis moved their aircraft to the Sinai front.

Libya is moving elements of its 3rd Mechanized Infantry Brigade to Tobruk, the largest Libyan city near the Egyptian border. Although it is not clear that these units will proceed to Egypt, there have been reports that President Qadhafi is planning to commit Libyan troops to the battle. Preparations reportedly were under way yesterday for the transfer of troops and equipment from Libya by sea to an Egyptian port, possibly Mersa Matruh. A Soviet vessel may be used.

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FOR THE PRESIDENT ONLY

VIOLENCE AREAS IN BANGKOK

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THAILAND

The resignation of the Thanom government has not yet ended the fighting in Bangkok. Most student protesters have dispersed, but upwards of 3,000 well armed rioters are still battling police units in downtown Bangkok. Casualties appear to be mounting, with unconfirmed reports of almost 200 deaths.

Late last night, police were ordered to evacuate the Metropolitan Police Headquarters in the face of a large rebel force prepared to storm the building with explosives and fire bombs. The police were unable to vacate the building, however, and called for army reinforcements. Additional army units are moving into the capital. Thus far the army has not moved forcefully to quell the spreading violence.

The rebels reportedly have demanded that Marshals Thanom and Praphat be ousted from the military establishment, and that the students be given the right to approve new cabinet appointments. The government has not yet responded to these demands.

The leaders of the radical students have not been identified and no cohesive group has been defined. Some Thai Communist elements may have joined ranks with the rioters. There is still no evidence that the Communist Party of Thailand is playing a role. The tenacity with which the rebels are attacking police units suggests that at least some of the more radical students have been planning such violence for quite some time.

Leaders of the National Student Center, who led the initial demonstrations, are appealing to those still fighting to lay down their arms. Similar appeals have been made by King Phumiphon and the new Prime Minister, Thammasat University rector Sanya Thammasak, who has promised a new constitution and election within six months.

It is far from clear how much support the military will give Sanya. He has strong backing from the King, and some standing with the students. At the moment, however, Sanya is far less important than the King himself, who has been playing a major political role in the past few days. The King's new prominence is likely to continue, at least until the security situation is stabilized.

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Field Marshals Thanom and Praphat still hold their respective military posts of supreme commander and deputy supreme commander of the armed forces. Thanom, in fact, has issued several communiqués in his capacity as supreme commander. Both men have clearly lost ground, however, and there are signs that the King as well as potential rivals may take advantage of the situation to push them aside. Among the leading contenders are Thanom's son, Colonel Narong, and army commander in chief Krit Sivara. Narong's options will be increased by the movement of some of his troops into the city. Krit is a popular figure in the army, and he seems to have the King's support.

There have been no disturbances at any US installations, although anti-government demonstrations have taken place in Udorn city, not far from the large airbase there.

CAMBODIA

In Tam now says he will stay on as Prime Minister and as a member of the ruling High Political Council. In Tam had tendered his resignation to Lon Nol on October 6, but told the US Embassy yesterday that he has decided "in principle" to stay on. He gave as his reason the need to maintain political unity while Cambodia's credentials are under attack at the United Nations. Phnom Penh has announced officially that In Tam's government will continue to "exercise its regular functions."

Earlier, Cambodian leaders had agreed to In Tam's dropping the prime ministership, but they put considerable pressure on him to stay on the council. Lon Nol had difficulty finding a new prime minister, however, and this may have helped convince him that In Tam should retain that post as well. In Tam will probably continue to complain that Lon Nol is not giving him sufficient authority, and it may be just a matter of time before he tries again to step aside.

INTERNATIONAL MONETARY DEVELOPMENTS

The Middle East war caused only minor fluctuations on international currency markets last week. The dollar lost some ground against most major currencies, but by week's end it had recouped part of its losses.

There was light switching of Arab dollar balances into sterling and the French franc. The action probably was taken as a precaution against any US freeze of oil royalty dollar balances in response to a possible cut-off of oil supplies by Arab states.

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The Arabs hold enough dollar reserves to put pressure on the dollar, and Arab sales could spark liquidation by other dollar holders. The Arabs are constrained by the lack of suitable alternatives, however. Sterling, the major currency least encumbered by exchange controls, has apparently received the bulk of Arab funds, but its instability and the possibility of British retaliation for oil shortages make it a poor harbor for Arab money. The transfer of funds into the stronger European currencies is extremely expensive because exchange controls have the effect of reducing earnings on foreign-owned deposits.